



**Nathan Deal, Governor**

**Clyde L. Reese III, Esq., Commissioner**

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September 30, 2013

Honorable Norm Boyd, Chairman  
Board of Community Health  
9145 Old Southwick Pass  
Alpharetta, GA 30022

Terry England, Chairman  
Appropriations Committee  
State House of Representatives  
245 State Capitol  
Atlanta, GA 30334

Honorable Jack Hill, Chairman  
Appropriations Committee  
State Senate  
245 State Capitol  
Atlanta, GA 30334

Gentlemen:

As required by OCGA 20-2-876.(j), the Department has compiled the following information about the **Georgia School Personnel Post-Employment Health Benefit Fund** (referred to as the School Personnel OPEB Fund) for FY 2013. The following revenue and expense information is provided:

1. FY 2013 State Health Benefit Plan (SHBP) Balance Sheet for the School Personnel OPEB Fund – Attachment A-2
2. FY 2013 SHBP Statement of Retiree Revenue and Expense for the School Personnel OPEB Fund – Attachment B-2

### Current Year Retiree Revenue and Expense

Please see Attachment B-2; however, in summary, the Department:

- Transferred \$359,184,589 in revenue from the proprietary fund<sup>1</sup> to the School Personnel OPEB Fund to reflect the employer share of revenue made available to support FY 2013 expenses for current School Personnel retirees. This is a 6.1% decrease as compared to last year.
- Received \$98,646,007 in FY 2013 premium revenue contributed by School Personnel retirees participating in the SHBP. This is a 17.9% increase as compared to last year.
- Paid \$457,830,595 in retiree expense. This is a 1.8% decrease as compared to last year.

### Assets in Long-Term Investment

As a reminder, the assets deposited in long-term investments were liquidated in FY 2010 in response to the state's budget constraints. No additional advance funding has been earmarked for OPEB since the liquidation. There are no investment earnings to report for FY 2013.

### OPEB Valuations of Future Liability

I am including for your review as Attachment C the June 30, 2012 Retiree Medical Valuation for the Georgia School Personnel Post-Employment Health Benefit Fund, which was recently completed and will be used for FY 2013 OPEB liability disclosures. The total Unfunded Actuarial Accrued Liability for the School Personnel OPEB Fund decreased by \$273.2 million as compared to the June 30, 2011 valuation (from \$11.143 billion to \$10.870 billion). This decrease was due to many factors, including the result of strategic actions taken by the DCH Board focusing on the sustainability of the SHBP, and various Plan Year 2013 changes, such as: premium

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<sup>1</sup>The State Health Benefit Plan is comprised of three health insurance plans, each supported by its own fund: 1) a plan for State employee (O.C.G.A. § 45-18-2), which is funded in part by State departments and agencies and other entities authorized by law to contract with the Department of Community Health for inclusion, and in part by the employees and retirees of these entities, and two plans funded in part by the Department of Education, local school systems, libraries and RESAs, and their employees and retirees: 2) a plan for teachers (O.C.G.A. § 20-2-891) and 3) a plan for non-certificated public school employees (O.C.G.A. 20-2-911).

he Honorable Norm Boyd  
The Honorable Terry England  
The Honorable Jack Hill  
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increases, increases in co-pays, deductibles, out-of-pocket maximums, and pharmacy benefit changes.

Please do not hesitate to contact the department's Chief Financial Officer, Tim Connell, with any question you may have. He may be reached at (404) 657-4859 or [tconnell@dch.ga.gov](mailto:tconnell@dch.ga.gov).

Sincerely,

A handwritten signature in blue ink that reads "Clyde L. Reese III". The signature is fluid and cursive, with the last name "Reese" being the most prominent part.

Clyde L. Reese, Esq.

Attachments (3)

cc: Teresa MacCartney, State CFO, Director, Office of Planning and Budget  
Tim Connell, CFO, Department of Community Health  
Trudie Nacin, Chief, State Health Benefit Plan  
DCH Board of Directors

**Georgia Department of Community Health  
State Health Benefit Plan  
BALANCE SHEET (UNAUDITED)  
As of June 30, 2013**

		<b>ENTERPRISE FUND</b>	<b>FIDUCIARY SCHOOL FUND</b>	<b>COMBINED FUNDS</b>
<b>Assets</b>				
A1.1	Cash and Cash Equivalents	\$ 270,784,321.89	25,763,312.56	\$ 296,547,634.45
A1.2	Investments	-	-	\$ -
A1.3	Net Accounts Receivable	26,631,483.14	4,790,108.34	\$ 31,421,591.48
A1.4	Due From Other Funds	-	-	\$ -
A1.5	Other			\$ -
<b>Total Assets</b>		<b>\$ 297,415,805.03</b>	<b>\$ 30,553,420.90</b>	<b>\$ 327,969,225.93</b>
<b>Liabilities</b>				
L1.1	Claims Incurred but Not Paid	162,094,000.00	24,852,000.00	186,946,000.00
L1.2	Accounts Payable	19,361,092.95	2,552,223.34	21,913,316.29
L1.3	Claims Payable	39,837,663.60	3,149,197.56	42,986,861.16
L1.4	Due to Other Funds	28,075,413.95	-	28,075,413.95
L1.5	Deferred Revenue	-	-	-
L1.6	Other	-	-	-
<b>Total, Liabilities</b>		<b>\$ 249,368,170.50</b>	<b>\$ 30,553,420.90</b>	<b>\$ 279,921,591.40</b>
<b>Fund Balance:</b>		<b>\$ 48,047,634.53</b>	<b>-</b>	<b>\$ 48,047,634.53</b>

The State Health Benefit Plan is comprised of three health insurance plans, each supported by its own fund: 1) a plan for State employees (O.C.G.A. § 45-18-2), which is funded in part by State departments and agencies and other entities authorized by law to contract with the Department of Community Health for its inclusion, and in part by the employees and retirees of these entities, and two plans funded in part by the Department of Education, local school systems, libraries and RESAs, and their employees and retirees. 2) a plan for teachers (O.C.G.A. § 20-2-891) and 3) a plan for non-certificated public school employees (O.C.G.A. § 20-2-911)

Georgia Department of Community Health  
State Health Benefit Plan  
Georgia Retiree Healthcare Fund (i.e., School Service Personnel OPEB Fund)  
FY 2013 STATEMENT OF RETIREE REVENUE AND EXPENSE (UNAUDITED)

REVENUE					
Retiree Type:	Retiree Premiums	Earmarked for Retirees from Department of Education	From Active Employer Revenue for:		
			Pay As You Go	Long-Term Investment	Subtotal
Teacher	74,060,033.99		290,810,949.63		290,810,949.63
School Service	24,585,972.75		68,373,638.91		68,373,638.91
<b>TOTAL REVENUE</b>	<b>98,646,006.74</b>	<b>-</b>	<b>359,184,588.54</b>	<b>-</b>	<b>359,184,588.54</b>
EXPENSE					
Retiree Type:	(a)		(b)		
	Claims Payments	Other Premium Expense	Administration		Total
Teacher	263,829,838.17	87,594,323.18	13,446,822.27		364,870,983.62
School Service	43,228,439.25	46,216,939.58	3,514,232.83		92,959,611.66
<b>TOTAL EXPENSE</b>	<b>307,058,277.42</b>	<b>133,811,262.76</b>	<b>16,961,055.10</b>		<b>457,830,595.28</b>
<b>Surplus/(Deficit)</b>					<b>-</b>

(a) Does not include FY13 IBNR net change  
(b) Medicare Advantage/LIS/LEP expenses

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